

Senate Engrossed

**FILED**

**KEN BENNETT  
SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-ninth Legislature  
First Regular Session  
2009

CHAPTER 68

# **SENATE BILL 1271**

AN ACT

AMENDING SECTION 33-814, ARIZONA REVISED STATUTES; RELATING TO DEEDS OF TRUST.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 33-814, Arizona Revised Statutes, is amended to  
3 read:

4 33-814. Action to recover balance after sale or foreclosure on  
5 property under trust deed

6 A. Except as provided in subsections F and G of this section, within  
7 ninety days after the date of sale of trust property under a trust deed  
8 pursuant to section 33-807, an action may be maintained to recover a  
9 deficiency judgment against any person directly, indirectly or contingently  
10 liable on the contract for which the trust deed was given as security  
11 including any guarantor of or surety for the contract and any partner of a  
12 trustor or other obligor which is a partnership. In any such action against  
13 such a person, the deficiency judgment shall be for an amount equal to the  
14 sum of the total amount owed the beneficiary as of the date of the sale, as  
15 determined by the court less the fair market value of the trust property on  
16 the date of the sale as determined by the court or the sale price at the  
17 trustee's sale, whichever is higher. A written application for determination  
18 of the fair market value of the real property may be filed by a judgment  
19 debtor with the court in the action for a deficiency judgment or in any other  
20 action on the contract which has been maintained. Notice of the filing of an  
21 application and the hearing shall be given to all parties to the action. The  
22 fair market value shall be determined by the court at a priority hearing upon  
23 such evidence as the court may allow. The court shall issue an order  
24 crediting the amount due on the judgment with the greater of the sales price  
25 or the fair market value of the real property. FOR THE PURPOSES OF THIS  
26 SUBSECTION, "fair market value" shall ~~mean~~ MEANS the most probable price, as  
27 of the date of the execution sale, in cash, or in terms equivalent to cash,  
28 or in other precisely revealed terms, after deduction of prior liens and  
29 encumbrances with interest to the date of sale, for which the real property  
30 or interest therein would sell after reasonable exposure in the market under  
31 conditions requisite to fair sale, with the buyer and seller each acting  
32 prudently, knowledgeably and for self-interest, and assuming that neither is  
33 under duress. Any deficiency judgment recovered shall include interest on  
34 the amount of the deficiency from the date of the sale at the rate provided  
35 in the deed of trust or in any of the contracts evidencing the debt, together  
36 with any costs and disbursements of the action.

37 B. If a trustee's sale is a sale of less than all of the trust  
38 property or is a sale pursuant to one of two or more trust deeds securing the  
39 same obligation, the ninety day time limitations of subsection A of this  
40 section shall begin on either the date of the trustee's sale of the last of  
41 the trust property to be sold or the date of sale under the last trust deed  
42 securing the obligation, whichever occurs last.

43 C. The obligation of a person who is not a trustor to pay, satisfy or  
44 purchase all or a part of the balance due on a contract secured by a trust  
45 deed may be enforced, if the person has so agreed, in an action regardless of

1 whether a trustee's sale is held. If, however, a trustee's sale is held, the  
2 liability of a person who is not a trustor for the deficiency is determined  
3 pursuant to subsection A of this section and any judgment for the deficiency  
4 against the person shall be reduced in accordance with subsection A of this  
5 section. If any such action is commenced after a trustee's sale has been  
6 held, it is subject, in addition, to the ninety day time limitations of  
7 subsections A and B of this section.

8 D. If no action is maintained for a deficiency judgment within the  
9 time period prescribed in subsections A and B of this section, the proceeds  
10 of the sale, regardless of amount, shall be deemed to be in full satisfaction  
11 of the obligation and no right to recover a deficiency in any action shall  
12 exist.

13 E. Except as provided in subsection F of this section, the provisions  
14 of this chapter do not preclude a beneficiary from foreclosing a deed of  
15 trust in the same manner as a real property mortgage. In an action for the  
16 foreclosure of a deed of trust as a real property mortgage the provisions of  
17 chapter 6, article 2 of this title are applicable.

18 F. A deed of trust may, by express language, validly prohibit the  
19 recovery of any balance due after trust property is sold pursuant to the  
20 trustee's power of sale, or the trust deed is foreclosed in the manner  
21 provided by law for the foreclosure of mortgages on real property.

22 G. If trust property of two and one-half acres or less which is  
23 limited to and utilized for either a single one-family or a single two-family  
24 dwelling BY THE TRUSTOR UNDER THE DEED OF TRUST FOR AT LEAST SIX CONSECUTIVE  
25 MONTHS AND FOR WHICH A CERTIFICATE OF OCCUPANCY HAS BEEN ISSUED is sold  
26 pursuant to the trustee's power of sale, no action may be maintained to  
27 recover any difference between the amount obtained by sale and the amount of  
28 the indebtedness and any interest, costs and expenses. THE TRUSTOR IS  
29 RESPONSIBLE FOR DEMONSTRATING THAT THE TRUST PROPERTY WAS USED BY THE TRUSTOR  
30 AS A ONE-FAMILY OR A SINGLE TWO-FAMILY DWELLING FOR AT LEAST SIX CONSECUTIVE  
31 MONTHS.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.